

**STATEMENT OF PROCEEDINGS FOR THE
SPECIAL MEETING OF THE
CITY OF HUNTINGTON PARK OVERSIGHT BOARD**

**CITY OF HUNTINGTON PARK
CITY COUNCIL CHAMBERS
6550 MILES AVENUE
HUNTINGTON PARK, CALIFORNIA, 90255**

Monday, September 28, 2015

4:00 PM

I. CALL TO ORDER

Chair Pineda called the meeting to order at 4:09 p.m.

II. ROLL CALL

Estevan Padilla, Oversight Board Staff, called the roll.

Present: Board Member Luis Buendia, Board Member Carlos Luis, Vice Chair Yolanda Duarte and Chair Jhonny Pineda

Absent: Board Member Katherine Hennigan, Board Member Richard Verches and Board Member Theresa Villegas

III. ADMINISTRATIVE MATTERS

- 1. Recommendation: Approve the Statement of Proceedings for the November 12, 2014 Regular Meeting. (15-4604)**

On motion of Vice Chair Duarte, seconded by Chair Pineda, duly carried by the following vote, the Oversight Board approved the Statement of Proceedings from November 12, 2014 Regular meeting:

Ayes: 4 - Board Member Buendia, Board Member Luis, Vice Chair Duarte and Chair Pineda

Absent: 3 - Board Member Hennigan, Board Member Verches and Board Member Villegas

Attachments: [SUPPORTING DOCUMENT](#)

- 2. Recommendation: Approve the Statement of Proceedings for the January 14, 2015 Special Meeting. (15-4606)**

On motion of Vice Chair Duarte, seconded by Chair Pineda, duly carried by the following vote, the Oversight Board approved the Statement of Proceedings from the January 14, 2015 Special meeting:

Ayes: 4 - Board Member Buendia, Board Member Luis, Vice Chair Duarte and Chair Pineda

Absent: 3 - Board Member Hennigan, Board Member Verches and Board Member Villegas

Attachments: [SUPPORTING DOCUMENT](#)

3. Recommendation: Approve the Statement of Proceedings for the August 12, 2015 Regular Meeting. (15-4607)

On motion of Vice Chair Duarte, seconded by Board Member Luis, duly carried by the following vote, the Oversight Board approved the Statement of Proceedings from August 12, 2015 Regular meeting:

Ayes: 4 - Board Member Buendia, Board Member Luis, Vice Chair Duarte and Chair Pineda

Absent: 3 - Board Member Hennigan, Board Member Verches and Board Member Villegas

Attachments: [SUPPORTING DOCUMENTS](#)

4. Resolution approving a loan agreement between the City of Huntington Park and the Successor Agency in an amount not to exceed \$1,234,000 for costs associated with the cleanup of the Southland Steel property. (15-4608)

Fernanda Palacios, Project Manager, gave a brief overview of the proposed loan agreement between the Successor Agency and the City of Huntington Park which will be utilized to pay for costs associated with the remediation of the Southland Steel site. The property has a buyer in place, Nick Alexander; however, before the Successor Agency can dispose of the property the site must be remediated of ground water and soil contamination. Ms. Palacios informed the Oversight Board that the Successor Agency was able to receive a loan from the Department of Toxic Substances Control (DTSC) in the amount of \$800,000 along with a grant in the amount of \$200,000.

Ms. Palacios further mentioned the Successor Agency has approximately 1.4 million dollars in total funding for the project. Moreover, all of the funding will be reimbursed to all agencies by the proceeds from the sale of the property. The total amount need to remediate the soil is roughly about 1.634 million dollars. 1.2 million dollars will derive from federal sources, such as, the Environmental Protection Agency (EPA) and DTSC, and \$434,000 will be from a City loan. Ms. Palacios indicated both the Successor Agency and the City Council for Huntington Park have approved the loan.

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Board Member Buendia asked if the interest rate of 3.25% for the loan was negotiated or agreed upon and if there is any other additional costs associated with the loan agreement, such as, closing costs or fees. Ms. Palacios informed the Board Members that the interest rate on the loan was a fixed rate given by DTSC and the Successor Agency is only required to pay the loan and interest.

Board Member Luis questioned if the project is expected to be completed and sold by June of 2016. Ms. Palacios confirmed the target date for the sale of the property is June of 2016, but the remediation of the site must first be completed before the sale can be finalized. Teresa Highsmith, Oversight Board Counsel, stressed the importance of having the Oversight Board further familiarize themselves with the total purchase price of the property because it would provide a better sense of what is being deducted from amount, which includes the 1.6 million dollars in clean-up cost. Ms. Highsmith indicated the Oversight Board is being asked to approve the loan amount to the Successor Agency because the buyer will not take the property unless the site has been fully remediated and received a completion letter from the DTSC which will limit the buyer's liability.

By Common Consent, there being no objection, the Oversight Board recessed at 4:29 p.m.

The Oversight Board reconvened at 4:33 p.m. with Board Members Buendia, Luis, Vice Chair Duarte, and Chair Pineda present.

Vice Chair Duarte asked to clarify how the Successor Agency was initially anticipating net sale proceeds of over 1 million dollars to now estimating a lesser amount of about \$674,950 in net sale proceeds. Manuel Acosta, Economic Development Manager, indicated many of the cost have increased from the initial negotiated amounts and the costs of soil clean up did not include the ground water buyout. Ms. Highsmith clarified if the Successor Agency receives the \$500,000 from the contingency escrow, the total net sale proceeds will be roughly over 1.1 million dollars. Had it not been for the additional \$434,000 the Successor Agency has requested for the soil remediation, the total amount in net sale proceeds distributed to the taxing entities would have been greater.

Vice Chair Duarte questioned how the Successor Agency can secure the \$500,000 in contingency escrow. Ms. Highsmith explained an escrow agreement can outline specifics on how the \$500,000 can be returned to the Successor Agency and not the buyer. Ms. Palacios advised the Oversight Board that the contingency escrow has been requested by the DTSC because of the additional groundwater clean-up needed. Nevertheless, Ms. Palacios and Mr. Acosta reassured the Board that any residual proceeds from the transaction of the property will be distributed to the taxing entities and the Successor Agency will not hold or keep any of the proceeds from the sale of the property. Moreover, Ms. Palacios noted the Successor Agency will also amend the California Land Revitalization Reuse Act (CLRRA) agreement to reflect how the soil and ground water will be remediated.

On motion of Vice Chair Duarte, seconded by Board Member Luis, duly carried by the following vote, the Board adopted Resolution No. 2015-04, a resolution of the Oversight Board to the Successor Agency to the former Community Development Commission of the City of Huntington Park authorizing a loan agreement between the City of Huntington Park and the Successor Agency to the former Community Development Commission of the City of Huntington Park (Successor Agency Loan Agreement No. 15-16B:1):

Ayes: 4 - Board Member Buendia, Board Member Luis, Vice Chair Duarte and Chair Pineda

Absent: 3 - Board Member Hennigan, Board Member Verches and Board Member Villegas

Attachments: [SUPPORTING DOCUMENTS](#)

5. A Resolution approving the Administrative Budget for the Successor Agency for the six-month period of January 1, 2016 through June 30, 2016. (15-4609)

Fernanda Palacios, Project Manager, presented the Administrative Budget for the Recognized Obligation Payment Schedule (ROPS 15-16B) for the six month period covering January 1, 2016 through June 2016. The Successor Agency has requested approximately \$125,000 in administrative expenses which include staff time, projects, legal fees and any matters relating to the dissolution of the former Redevelopment Agency. Chair Pineda asked if the Successor Agency will stop requesting administrative expenses once the Southland Steel property is sold and completed.

Teresa Highsmith, Oversight Board Legal Counsel, explained based on the changes in current legislation [SB 107] the Oversight Board will be responsible for considering the ROPS once a year and will also be asked to review an administrative budget for the respective ROPS. Vice Chair Duarte asked what were the total expenses for the administrative budget for ROPS 15-16A. Ms. Palacios informed the Board the administrative budget was approximately \$100,000. Vice Chair Duarte was skeptical of the increased amount for this current ROPS period's administrative budget because based on the information given in the meeting from November 12, 2014, the Oversight Board was assured by the Successor Agency that future administrative budgets would decrease as the unwinding process of redevelopment activities lessened.

Manuel Acosta, Economic Development Manager, noted the previously approved administrative budget did not factor in the actual time and expenses incurred by the Successor Agency for all work performed related to redevelopment matters. Mr. Acosta further explained the \$125,000 does not actually cover all of the administrative expenses by the Successor Agency. In the previous ROPS and the current ROPS the Successor Agency has been reporting well beneath the actual administrative expenses. Jan Mazyck, Interim Director of Finance, indicated the Successor Agency can outline justifications for the expenses which will demonstrate the Successor Agency increased expenditures and staff time. Chair Pineda requested the Successor Agency to provide the Oversight Board with a detailed report covering the administrative budget for ROPS 15-16B which will provide an accurate view of the staff time and expenses.

On motion of Chair Pineda, seconded by Board Member Buendia, duly carried by the following vote, the Oversight Board adopted Resolution No. OSB 2015-06 as-presented, a Resolution of the Oversight Board of Directors for the Successor Agency to the Community Development Commission of the City of Huntington Park approving a proposed Administrative Budget for the six-month fiscal period from January 1, 2016 through June 30, 2016 and taking certain related actions with the request for the Successor Agency to present an administrative analysis in January 2016 for administrative expenses from ROPS 15-16B:

- 3 - Board Member Buendia, Board Member Luis and
Chair Pineda
- Noes:** Vice Chair Duarte
- Absent:** 3 - Board Member Hennigan, Board Member Verches
and Board Member Villegas

Attachments: [SUPPORTING DOCUMENTS](#)

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Ayes:

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6. A Resolution approving a Recognized Obligation Payment Schedule (ROPS 15 16B) for the Successor Agency of the Community Development Commission of the City of Huntington Park. (15-4610)

Fernanda Palacios, Project Manager, introduced the Recognized Obligation Payment Schedule (ROPS) 15-16B for the six month period covering January 1, 2015 through June 30, 2015. Ms. Palacios explained the Successor Agency is requesting approximately \$5.435 million in Redevelopment Property Tax Trust Fund (RPTTF). Roughly 88% of those funds will be utilized to make debt service payments.

The ROPS also contains a carry-over administrative allowance for the Housing Successor Agency, which is administered by the County of Los Angeles, of about \$300,000 which dates back to ROPS 14-15A. Board Member Buendia asked how the Successor Agency factored in the litigation amount of \$5,000 for Line Item 23 - LAUSD vs. County of Los Angeles et. al. Ms. Palacios noted, based on the advice of the Successor Agency legal counsel, Richards Watson & Gershon, the Successor Agency placed the \$5,000 an estimate because the litigation is still pending.

On motion of Vice Chair Duarte, seconded by Board Member Buendia, duly carried by the following vote, the Oversight Board adopted Resolution No. OB2015-05, a Resolution of the Oversight Board for the Successor Agency to the Community Development Commission of the City of Huntington Park approving a Recognized Obligation Payment Schedule for the six month fiscal period from January 1, 2016 through June 30, 2016, and taking certain related actions:

Ayes: 4 - Board Member Buendia, Board Member Luis, Vice Chair Duarte and Chair Pineda

Absent: 3 - Board Member Hennigan, Board Member Verches and Board Member Villegas

Attachments: [SUPPORTING DOCUMENTS](#)

IV. MISCELLANEOUS

7. Public Comment (opportunity for Member of the Public to address the Board on items of interest that are within the Jurisdiction of the Board). (15-4611)

There were none.

8. Chair and Board Member Comments. (15-4613)

Vice Chair Duarte expressed her concern with the levels of expectations with the Oversight Board and Successor Agency staff. Nonetheless, Vice Chair Duarte is confident that the communication and expectations will soundly reestablish itself going forward.

9. Matters not posted on the agenda (to be presented and placed on the Agenda for a future meeting). (15-4614)

There were none.

10. Adjournment of the Special Meeting of September 28, 2015. (15-4615)

The meeting adjourned at 5:53 p.m.